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Market Development Reports

Food Business Line

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Report Highlights:

The Japan Ministry of Agriculture, Forestry and Fisheries will implement a new trace-back system for domestic retail beef distributors by 2004; The increasing popularity of 'California Cuisine' restaurants; *Kikkoman* to switch to non-GMO soybeans for its *Kikkoman* soy sauce product; The *Sozai* side-dish (deli) store operator *Rock Field*, plans to open its first outlet in San Francisco in November; In response to growing consumer awareness about food safety, major consumer cooperatives are setting up committees to monitor food labeling and other aspects of food safety and; U.S. exhibitors promote the health benefits of U.S. food products at the Japan International Food Ingredients & Additives (IFIA) Show, June 11-13.

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Food Business Line

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Retail/Wholesale

- The Japan Economic Newspaper recently completed a survey of 36 retailers that reported marked double-digit percentage revenue increases in fiscal 2002 on a parent-only basis for a second straight year. Among them, 26 companies or more than 70%, were specialty store operators offering low-priced or unique product lines. For example, *Yamada Denki*, a discount electric household appliances company, ranked ninth in sales with a 34.3% increase. Other specialty stores such as the *Nishimatsuya Chain*, a children's clothing company, *Don Quijote*, a discount store, and *United Arrows*, a clothing retailer, are doing well compared to their competitors such as department stores and large supermarkets. (a 6/26)
- To ensure food safety following the outbreak of mad cow disease last year, the Ministry of Agriculture, Forestry and Fisheries (MAFF) will require retail distributors to disclose information about domestic beef product so that consumers can determine where the products came from. MAFF constructed a computerized system, which will allow it to manage information about domestic beef products by giving each cow a ten-digit number. Plans are to implement the new system in 2004. (g 6/28)

Food Service

- Restaurants featuring “California Cuisine” are increasing and attracting more and more customers. More U.S. based restaurants such as “Wolfgang Puck Bar & Grill”, “Mako Restaurant”, and “The Seasoner”, are opening Japanese stores in the new industrial complex buildings. (a 6/21)
- *ATO Comment: Those of us at the ATO are also hearing generally good things about the new American-style. In most cases, the attendance has been better than expected, even after the ‘newness’ had worn off. All of the newest editions are located in brand new multi-purpose real estate complexes. One of these restaurants succeeded in attracting an especially interesting consumer segment, upper-income Japanese housewives. This particular consumer segment, well off enough to favor leisure over employment, usually moves in large groups and their lunches may include association or business meetings. Of course, the trade-off for the average restaurateur competing for the Tokyo lunch crowd is that this group does not eat in a hurry like the average Japanese worker. Nevertheless, another plus is, if the environment of the establishment is found to be suitable, then there is a good chance for return visits, perhaps for dinner and, excellent word-of-mouth advertisement.*
- *Starbucks Coffee* is currently considering introducing alcoholic drinks in its outlets. *Starbucks* states that while they don't have a concrete plan yet, they will limit availability to storeowners that want to serve alcoholic drinks. Nevertheless, *Starbucks*'s idea is drawing the attention of other food service companies in the Japanese-style pub and family restaurants segments. (b 6/24)

Food Processing/New Products/Market Trends

- *Kikkoman* announced that they plan to switch the skimmed processed soybeans used in its major product line “Kikkoman Shoyu (Soy Sauce)”, to non-GM soybeans beginning the end of June. (a 6/18)
- According to the operator of the *Mori Building* complex, located at the new “Roppongi Hills Plaza”, the number of visitors reached 10 million on June 19. It also said that more than the expected number of people are still visiting on weekdays and about 200,000 are visiting on weekends. Some restaurants are so popular that their reservations are fully booked one month in advance. (a 6/21)
- *Sozai* side-dish (deli) store operator *Rock Field* plans to open its first outlet in San Francisco in November. *Rock Field* also plans to expand business in Europe and in other Asian countries after its U.S. business gets on track. *Rock Field* plans to develop menus for its chefs using organic produce and other ingredients from local farmers and, expects to utilize this menu for the Japanese market in the future. (a 6/27)

Food Safety/Consumer Awareness

- In response to growing consumer awareness on food safety, major consumer cooperatives are setting up committees to monitor food labeling and other aspects of food safety. For example, *Shutoken Co-op Consumers’ Co-operative Union*, a federation of eight consumer co-ops, mainly in the Tokyo Metropolitan area, plans to establish a committee for assessing the safety of food products handled by these co-ops. The panel will consist of about 20 members such as experts on product traceability and marketing as well as officials from major supermarkets. *Kanagawa Consumers’ Co-operative Society* and *Co-op Net* also plan to establish a similar committee this summer. (a 6/16)
- On June 25, Japan’s Agriculture Ministry and the Ministry of Health, Labor, and Welfare agreed on dramatically increasing the varieties of processed food products that would require a label disclosing the place of origin for its contents. Examples of the products that will be included are: *Natto* sticky beans, tea, fruit beverage, noodles, etc. (a 6/26)

ATO/Cooperator/Competitor Activities/Trade Shows

- The International Food Ingredients & Additives Exhibition and Conference (IFIA), Japan, (which also included the Health Food Expo for the first time) was held on June 11-13 in Tokyo. A U.S. pavilion drew attention with an exhibition area full of variety. In addition to a 10-booth area for the Western United States Agricultural Trade Association (WUSATA), the California Department of Food and Agriculture’s exhibition area included an on-site bakery, seminar/sampling area and five booths focusing on both the ingredient value and health benefits of almonds, prunes, walnuts, figs and raisins. The *U.S. Potato Board* also held a seminar on June 13 on dehydrated mashed potato. About 50 people attended the seminar. (Frozen Food Newspaper 6/23)
- In an effort to expand its market in Japan, the *U.S. Honey Board* held a cooking seminar in Tokyo introducing six recipes using U.S. honey. It also had a booth at the IFIA Japan Show, June 11-13 in Tokyo, promoting the characteristics of U.S. honey varieties. (f 6/26)

Sources

- (a) The Japan Economic Newspaper
- (b) The Nikkei Marketing Journal
- (c) The Japan Food Journal
- (d) The Beverage & Food News Commentary
- (e) The Japan Food News
- (f) The Food Industry News
- (g) Nihon Keizai Shimbun

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